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ABSTRACT

Designed to provide basic information on the major entry-level career fields in real estate, this document can be used as a reference manual for counselors and instructors. The manual contains general information about the following real estate careers: salesperson, sales manager, broker, land developer, property manager, appraiser, mortgage loan officer, counselor, and real estate careers in research and education. More specific information is included on the careers of salesperson, broker, appraiser, and property manager. This information covers the following: specific job responsibilities; working conditions and accompanying tools; employment prospects; hours and compensation; and educational preferences, training, and personality traits. Finally, the purposes, designations, and qualifications for membership are given for the various related professional organizations. (BM)

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REAL ESTATE CAREER OPPORTUNITIES

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PREFACE

This publication is designed to provide basic information on the major entry-level career fields in real estate. A significant effort of the Texas Real Estate Research Center is explaining real estate career fields to high school and college students. This has been accomplished through displays, speaking engagements and audiovisual programs.

This publication can also be used as a reference manual for counselors and instructors. The material can be used by the counselor to determine real estate courses offered in Texas colleges and universities. General information students may ask concerning license requirements and the steps to obtain a license are also included. Caution is advised to give only general information. Specific information should come from either the sponsoring broker or the Texas Real Estate Commission. A copy of the Provisions of the 1975 Texas Real Estate License Act is included. This format was used with permission from the Texas Association of Realtors. Counselors are also encouraged to consult the Rules of The Texas Real Estate Commission As Revised And in Effect On September 15, 1977, which can be obtained from the Texas Real Estate Commission for a nominal fee. These rules represent the Commission's interpretation of the Real Estate License Act.

The Texas Real Estate Research Center has "Building A Future In Real Estate" brochures available for counselors and instructors to use as handouts. These are available at no charge.

Specific tasks real estate professionals perform in conducting their day to day operations are listed and should benefit the student who is exploring possible career opportunities.

Your reactions, comments and suggestions concerning this publication will be appreciated.

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REAL ESTATE CAREER OPPORTUNITIES

The real estate industry offers numerous careers and opportunities. Texas alone has more than 90,000 licensed real estate salespersons and brokers. These licensees had to pass a state examination and meet educational and other criteria established by the Texas Real Estate Commission in order to receive their license. Courses meeting educational requirements are offered in approved proprietary schools, colleges and universities and by professional real estate trade associations.

Salesperson

The first step in a real estate marketing career (not for building and lending) is usually that of salesperson for a sponsoring broker. The salesperson performs tasks including property listing, advertising, qualifying buyers, showing properties, explaining mortgage information and settlement costs and the closing of an offer into a sale. He should always be beyond reproach in his dealings with clients and prospective buyers.

Sales Manager

The sales manager's tasks may include those of a salesperson, and tasks related to the supervision, management and operation of the real estate office. His decisions directly affect the firm's level of success.

Broker

When the salesperson becomes a broker, he frequently opens a firm and employs salespersons. The broker must acquire listings, advertise, introduce the company into this competitive field, and make the major policy decisions for the firm. All background experience in sales and management is used to make the firm successful. Finance and accounting become important factors. The company should prosper in an active real estate area where the broker secures a portion of the market.

Houses taken in trade may become rental units that the broker manages. If

the broker has sufficient capital, he may conduct all phases of the operation. If not, he may act as an agent for investors.

Some investors are professional people in a field unrelated to real estate. Since real estate is a major investment, these professionals pay a fee for having their investments managed.

Large companies investing capital into real estate ventures hire independent (or self-employed) brokers or have real estate departments within their company structure.

Land Developer

The land developer purchases raw land and establishes streets and utilities in an effort to develop the property into a higher and better use. Modern developers try to maintain the ecological balance of an area by preserving the natural beauty of the raw land while providing for homesites, streets and utilities. The transformation of raw land into a subdivision demands skill, experience and persistence. The developer must work with, and through, many laws and federal and state regulatory agencies in order to go from drawing board to completion and sale of residential lots or houses. Additional information on these regulations are listed in the TRERC publication, "An Interpretation of the HUD/OILSR Property Report."

Property Manager

A property manager handles, for the owner, all business relating to income-producing property, such as shopping centers, office buildings, apartment complexes and other large commercial properties. The manager is responsible for lease agreements with the tenants and must handle tenant-related problems concerning the property. Property managers also advertise and show the property to prospective tenants, collect rents and leases and set up accounting procedures for the revenue received from the income-producing properties.

Appraiser

Valuation of property is a critical step in any real estate transaction. The appraiser must make a proper valuation of the land to insure fair service to the owner, lender, prospective buyer and listing broker. A proper valuation increases the possibility

that the owner and buyer will be repeat customers for the firm. After a value has been assessed for the property, a savings and loan association or mortgage company can offer to lend a percentage of the selling price to the prospective buyer and allow him to pay off the loan in monthly amortization installments.

Brokers who have taken specialized courses in appraisal and have extensive knowledge of property within a given area sometimes specialize in appraising. Other than establishing market values on real estate for resale, the appraiser also sets equitable values for eminent domain. Since appraisers use scientific methods for estimating property values, their testimony is often used in court to establish property values.

Mortgage Loan Officer

Most mortgage loan officers have a background in appraisal or actively appraise for their employing mortgage company or savings and loan association. These officers insure that their company makes equitable loans based on a reasonable value of the property. The officer handles the securing and granting of mortgages for real estate transactions, either with his firm or a third party. This facilitates the transfer of property by aiding both the buyer and seller in the financing of the property. The seller is paid a lump sum by the buyer with money borrowed from the savings and loan on which he makes monthly amortization payments.

Counselor

Counselors in real estate have experience in some or all of the areas previously mentioned. Their years of experience and success give them the background to act as consultants or counselors in this rapidly changing industry. Specific tasks include consulting with individuals and firms concerning real estate investment decisions, portfolio analysis and financial and management related problems.

Real Estate Research and Education

Real estate research is one of the newest fields in real estate, bringing together the research techniques of economists, sociologists, urban planners, statisticians and educators to pinpoint trends and to make projections concerning real estate practices in the future.

There are two major real estate research centers in the U.S.: Texas Real Estate Research Center at Texas A&M University, whose responsibilities include the conducting of broad base real estate research and the coordinating of real estate education on a statewide basis; and the Connecticut Real Estate Research Center at the University of Connecticut whose primary responsibility includes academic research and publications. Several research centers are currently being established in other states.

Real estate education encompasses all instructors and administrators in real estate programs in proprietary schools, junior/community colleges, senior colleges and universities and professional organizations. Many of the instructors specialize in one area of real estate and teach part-time.

Eighty-two Texas institutions of higher learning reported offering real estate courses during the 1975-76 school year. These courses were attended by 27,664 student enrollments. Proprietary schools had an enrollment of 19,543 during this same period.

SUMMARY

The real estate practitioner may specialize within a career area by property type (residential, commercial, industrial, rural or urban). A practitioner usually specializes in residential sales first and then moves to commercial or industrial property specialization including working with farms, ranches and recreational property for second homes.

Many jobs are related to real estate careers and often an individual may gain experience in one area and change to another field. Examples of these jobs include:

Appraisal -- tax assessing, mortgage loan officer
Counselor -- corporate executive, real estate investor
Land developer -- federal or state regulatory agency positions, urban planners
Brokers -- title company, building and construction, education
Property Manager -- public administration
Sales -- brokerage

Many large industrial and marketing corporations as well as insurance and commercial banks have land departments that hire individuals with the backgrounds previously mentioned.

THE REAL ESTATE SALESPERSON

Salesperson's General Duties

The real estate salesperson is sponsored by a licensed real estate broker and is responsible to the broker for any real estate dealings with the public.

The salesperson represents the seller (through the broker), and is instrumental in bringing both buyer and seller together. He attempts to sell a given property to a prospective buyer for his client (the seller). The salesperson aids the prospective buyer by offering him a choice of several properties, thus representing many different sellers in the process. If the buyer makes an offer on the property, the salesperson presents this to the owner. If the transaction is completed, the seller pays a commission which is divided between the broker and the salesperson (s).

SPECIFIC JOB TASKS (See Appendix 2-A)

CLASSIFICATION OF SALESPERSON

The salesperson is most often classified by his specialization in a particular type of property as follows:

Residential -- single family and apartment dwellings

Recreational -- recreational properties vary with geographic location

Commercial -- office buildings, stores, shopping centers

Industrial -- those properties suitable to manufacturing and processing concerns (meeting the necessary rail, highway, water and electrical requirements)

Rural -- farms and ranches

AUTHORITY OF THE SALESPERSON AND RESULTING DUTIES

Salesperson's Duties to the Buyer

The salesperson must provide the buyer with complete information on a prospective property. He ascertains the buyer's needs and financial capabilities and informs him of incidental expenses that must be paid. The salesperson should keep in touch with the buyer to obtain future business.

Salesperson's Duties to the Broker

The salesperson is responsible for following up on leads when furnished by the broker. He should service the listings fully and be industrious in closing transactions and learning the business. He should also maintain contacts with mortgage company services and understand the fundmentals of real estate financing.

WORKING CONDITIONS AND THE ACCOMPANYING TOOLS

Part of the day is spent in office work following up previous prospects and contacting new leads. The remainder of the day is spent showing real estate to prospective buyers.

The physical requirements of the job are demanding with a considerable amount of time spent out of the office.

EMPLOYMENT PROSPECTS

The real estate business may be entered at any age, 18 years or older. To enter the business a person should carefully select a broker who will sponsor the salesperson and be responsible for his real estate activities. The broker and the salesperson join together in filing an application with the Texas Real Estate Commission. (For licensing requirements, refer to Appendix 2-B). Hard work and proper conduct are necessary to become successful in this field.

The following trends indicate increased opportunities in real estate:

a vast increase in housing and business facilities,
improved transportation facilities,
more leisure time for outdoor activities, travel and
neighborhood activities,
steadily rising property values,
growing population and the development of new real estate fields, and
increased personal income.

These factors have helped to offset potential problems of tight money, high interest rates and inflation.

The number of real estate salespeople continues to increase. Today there is more emphasis on professionalism and upgrading licensing and exam requirements.

PROMOTION

Promotion depends upon the future plans of the salesperson. He can progress to sales manager with his present employer, or he may choose to become a self-employed broker with his own business. Eventually, appraising may be desired. Some independent appraisers believe that experience as a real estate broker and/or salesperson is essential to success in appraisal.

HOURS AND COMPENSATION

There is no set pattern for hours of work per day or number of work days per week. Work on weekends and at night is often required and a 60-hour week is typical!

Commissions are paid on a percentage basis after the transaction is completed. This percentage is divided between the salesperson and the broker.

Salespersons are usually compensated via a straight commission basis. Others may work on a salary plus basis commission. Still others may receive a straight salary, however, this is highly unusual. New licensees may work on a draw account basis. Those salespeople who deal in commercial and industrial properties are often on a sliding scale based upon the volume of business procured. Other systems based on incentive, bonus and/or profit-sharing plans exist. These systems are sales contests and point systems to stimulate business. Bonus pay is apportioned among salespeople according to points amassed. Points may be awarded for sale, dollar size of gross commission and exclusive listings. Compensation for the listing of properties may also be awarded.

In the case of new subdivisions, the brokerage office may contract for a salary or flat fee per transaction. It is important to note that brokers sometimes pay salaries during sales training or allow the salesperson to draw against the commission connected with the sale of the property while still in escrow.

Special arrangements may be made regarding business transportation costs, advertising and other expenses. For income tax purposes, the salesperson may deduct those expenses incurred in the operation and maintenance of an auto while involved in the business of selling. Since the salesperson is usually an independent contractor (self-employed), personal expenses are normally not reimbursable.

Seasonal fluctuation is important to the earnings of the salesperson and varies throughout the country. Financial success depends on an individual's ability to sell and the local economy. Income may be relatively low until the salesperson is established.

Fringe benefits are relatively non-existent, primarily due to self-employment. Vacations are usually without compensation and are normally taken during slack periods.

EDUCATIONAL PREFERENCES, NECESSARY TRAINING AND PERSONALITY TRAITS

General

The typical real estate salesperson has some college-level course work combined with on-the-job training. This training follows completion of a college course in real estate, a short course in real estate or some specialized courses and the acquisition of a license. While most salespeople are high school graduates, there is an increasing number who are college graduates. Some college work is preferred, and courses in business economics, marketing, psychology, accounting, real estate and administrative procedures are recommended.

The National Association of Realtors (NAR) offers its membership a source of continuing professional education. The purposes of the association are to promote the interests of brokers and their sales associates, to disseminate information and to raise standards of the real estate practice through a code of ethics and strict standards of professionalism.

The Texas Real Estate Research Center (TRERC) offers a three year (two weeks

per year) professional development program, Study of Advanced Real Estate Subjects (SOARS).

Educational Opportunities

Junior colleges offer continuing education clock-hour courses and credit courses that culminate with an associate of applied science degree in real estate. Senior colleges usually offer real estate options in the College of Business. Past experience has shown more income is earned by the person with more education.

Real estate courses can be taken in an accredited junior/community college, senior college or university. Courses may also be completed in proprietary schools or professional institutes, such as the Texas Realtor's Institute that are approved by the Texas Real Estate Commission.

License Requirements

In all states a license is required of the real estate salesperson. To be licensed in Texas, the applicant must be a U.S. citizen or a legally admitted alien, a resident of the state for six months, at least 18 years of age, have character references, be sponsored by a broker, pay an application fee and make an acceptable score on the state exam which covers broad areas of real estate fundamentals, law, contracts, ethics, finance and math.

Real estate educational requirements needed by the salesperson are graphically depicted in Appendix 2-C which illustrates the changing educational requirements through 1985. Persons interested in becoming professional real estate practitioners should take more than these minimum license requirements.

Broker Selection

Through your banker, lawyer or some business acquaintance, determine the names of two or three brokers whose business organization would seem most suitable to your situation and whose organization would seem to offer the best future for you. Be selective. The broker with whom you decide to associate, if he is prudent, will likewise be selective. A responsible broker will not sponsor you if he does not

feel the association will be mutually beneficial. You would not or should not want to be sponsored by a broker who is not responsible.

When you do make an association with a broker, he will advise you about licensing requirements which must be met as a prerequisite for sales work in the real estate agency field and will join with you in filing an application to license you as a salesperson with the Texas Real Estate Commission.

Personal Qualifications

A good salesperson must be service- and community-oriented. He should enjoy meeting and working with people, be able to judge which property fits a given customer's individual needs and sell himself to potential customers.

Honesty of purpose and a willingness to continually seek out and learn about the real estate business are essential characteristics of the successful salesperson. Self-initiative and the ability to systematize work are also important. Intelligence and an ambitious outlook must be combined with an ability to adapt to changing circumstances. This requires patience and close attention to detail. Failure to meet this last requirement will probably result in an unsuccessful salesperson.

APPENDIX 2-A

REAL ESTATE BROKER AND SALESPERSON TASKS

Listing Procedures

Acquire listing sources
Apply cold canvass techniques
Apply telephone techniques
Set up listing appointment with client
Explain how realty firm can aid homeowner
Set a realistic price for the listing
Explain the procedures in a listing agreement
Explain finance sources
Set up a loan appraisal
Explain the cost of the sales (points, fees for attorneys and appraisals)
Secure permission for showing property and placing company sign
Explain the procedures in an earnest money contract and in closing a sale
Secure written listing agreement

Advertising

Find advertising sources available
Compare cost plus market advantage
Identify clientele with selected advertising source

Qualifying the Buyer

Determine type property desired
Establish the area and price range
Refine to available listings
Explain listings while in the office
Qualify buyers' ability to pay and assume mortgage with clients desired price and financing

Showing the Property

Call client to arrange an appointment to show property
Take prospect to property
Explain fully strong and weak points concerning property
Determine whether to show a comparable property or not
Leave card if client is not at home
Phone client and explain outcome of showing

Mortgage Information

Present facts about appraisal and down payment to prospect
Explain the local interest rate and types of mortgages available on property

Give the advantages/disadvantages on types of available mortgages
Explain the closing costs for the prospect
Give information concerning credit check

Offer

Qualify offer to the listing
Type an earnest money contract
Advise prospect to retain a competent real estate attorney to review title information and earnest money contract; and render legal opinions
Revise earnest money contract with qualifiers proposed if within reason
If acceptable, have prospect sign earnest money contract
Review said contract with client
If approved by client, have client sign and accept check for earnest money
Give prospect receipt for earnest money
Deposit earnest money in an escrow account

Closing

Submit papers to savings and loan or holder of note
Contact title company and refer to savings and loan
Determine compatible time for buyer and seller to meet
Determine when savings and loan can place loan
Determine when title company can complete legal papers (deed of trust, etc.)
Set date and time agreeable to all parties
Have all written documents on hand at time of closing
Be prepared to answer all questions concerning the transaction

APPENDIX 2-B

STEPS TO OBTAIN A REAL

ESTATE SALESPERSON'S LICENSE

January 1, 1977 through December 31, 1978

Step 1 -- Select a Sponsoring Broker

Through your banker, lawyer or some business acquaintance, determine the names of two or three brokers whose business organizations would seem most suitable to your situation and whose organization would seem to offer the best future for you. Be selective. The broker with whom you decide to associate, if he is prudent, will be selective. A responsible broker will not sponsor you if he does not feel the association will be mutually beneficial. You would not or should not want to be sponsored by a broker who is not responsible.

When you do make a contact with a broker, he will advise you about licensing requirements which must be met as a prerequisite for sales work in the real estate agency field, and will join with you in filing an application to license you as a salesperson with the Texas Real Estate Commission.

Step 2 -- Fulfilling Your Personal Requirements

Legal age - 18 or older
Texas resident (at least 6 months)
U.S. citizen (or legally admitted alien)
Complete a minimum of 6 semester hours in real estate*
Submit Application for Salesman Licensure (Texas Real Estate Commission) (includes character, bank and financial references)
Make an acceptable score on state exam (given in locations throughout Texas on a rotating basis)
Pay $10 assessment to the Real Estate Recovery Fund

Step 3 -- Need a Broker's License?

Must hold a salesperson's license for two years
Must complete a cumulative total of 12 semester hours in real estate or related courses*
Submit Application for Broker Licensure (Texas Real Estate Commission)
Make satisfactory score on exam

* Educational requirements can be the equivalent of semester hours, i.e., 90 clock hours equate to 6 semester hours and 180 clock hours equate to 12 semester hours. All Texas colleges and universities that are members of The Southern Association of Colleges and Universities and offer real estate courses meet these requirements.

Approved Proprietary Schools -- Private business schools must be approved by the Texas Real Estate Commission to meet clock hour requirement.

Texas Association of Realtor courses meet these license requirements.

APPENDIX 2-C

1975 Real Estate License Law
--Educational Requirements--

January 1	Salesperson	Broker
1977	6 Semester hours	12 Semester hours
1979	12 Semester hours	15 Semester hours
1981	21 Semester hours	36 Semester hours
1983	36 Semester hours	48 Semester hours
1985	One License Only	60 Semester hours

License to Practice Real Estate

* Semester hour courses or of a course of study accepted by the Texas Real Estate Commission as being equivalent to the courses offered by accredited colleges and universities.

THE REAL ESTATE BROKER

GENERAL NATURE OF THE BROKER'S WORK

A broker handles property transactions involving selling, leasing or renting. He gives the prospective buyer specific knowledge of local real estate trends and financing and maintains a selection of listed properties. In order to maintain this selection of listed property within a territory, the broker must secure permission from the owner to offer such property for sale. This is accomplished either through an exclusive contract or a general listing in which the broker and the owner agree in writing to the terms for which the property may be offered.

If the owner consents, the broker secures an exclusive right-to-sell contract for a specified number of days, granting him the exclusive right to represent the owner in the sale. Other possible types of listing include open, multiple or exclusive agency listings. During the period of the exclusive right-to-sell contract, the owner forfeits the right to sell the property himself or through any other broker without paying the original listing broker a full fee for his services. The preceding process gives the seller full exposure to the market and the buyer access to several properties.

The broker's chief business is to be an intermediary to bring buyers and sellers together. After securing a prospective buyer, the broker proceeds by means of salesmanship to secure an earnest money contract, which is signed by the buyer and the seller. At this time, the buyer deposits with the broker a cash sum of suitable amount (earnest money which is placed in escrow) to guarantee the commitment will be honored. An abstract of title (or title policy) is prepared or evaluated by an attorney to inform the buyer and seller of any encumbrance or other problems that might jeopardize his title to the property. If all is in order, a deed conveying ownership to the buyer and a mortgage from the buyer to the seller (or a lending institution agreeing to pay the balance of the purchase price) is prepared and signed. The abstract or title policy is then delivered to the buyer. The deed and the mortgage are filed with the county clerk, thus completing the transaction.

In short, the broker is an independent businessperson who helps make a market

for real property. He brings buyers and sellers together, provides information on the property being offered and purchased, estimates prices at which the property will clear the market and provides information concerning the financial aspects of the transaction which will lead to completion.

SPECIFIC JOB RESPONSIBILITIES

Briefly, brokerage activities involve operating a real estate office, listing property and writing descriptive advertisements for listed properties. Other activities include sales supervision and personnel management.

The broker engages salespeople to work under his guidance. He is responsible for the actions of these salespeople in connection with the sale of property. The broker is also responsible for overhead expenses incurred in the operation of real estate business.

In listing and selling property, several steps are required. A comparative market analysis must be made to determine a fair market value and establish a price. A thorough investigation of the physical condition of the listed property in anticipation of buyer's questions must be completed. Purchase agreements and seller acceptances must be obtained. The broker helps the buyer locate proper financing sources. Liaison work with the title and mortgage companies must be handled until the transaction is completed.

CLASSIFICATION OF BROKERS

Real estate brokers may be classified according to the type of property in which they deal, the nature of the transaction or by specialized services.

Classification by Types of Property

Residential. A residential broker sells and leases new homes, previously owned homes and apartment dwellings. A broker who deals with apartment dwellings must have a sound knowledge of vacancy rates, operating costs and replacement

costs of appliances and furnishings. The broker emphasizes soundness of construction, methods of financing, location and available transportation. He also points out aesthetic values and conveniences of floor plans. To be effective in emphasizing various points, the broker must be aware of the income, age and family size of the prospect.

Commercial. The commercial broker sells, manages and leases office buildings, stores and shopping centers. He must have a working knowledge of local zoning regulations, tax rates and past and present economic conditions.

Industrial. An industrial broker sells and leases sites or facilities which fit manufacturing requirements. Some requirements he must consider are rail and highway transportation and the availability of water, gas, electricity and manpower. The industrial broker must have information concerning local zoning regulations and tax rates, and current and historical conditions of the local economy.

Rural. A rural broker sells and leases farm and ranch property. He must be able to answer questions concerning taxes, zoning regulations and irrigation facilities. A knowledge of water tables, soil conditions, local crops, animal husbandry and labor sources is also important.

Recreational. Property sales of this type occur year around to those looking for seasonal and/or second homes. Such homes are usually near ski resorts or beaches (many condominiums are of this nature). The broker who enjoys the outdoors will find this type of work enjoyable.

Classification by Nature of the Transaction

Brokers are often classified by the nature of the transaction negotiated, such as exchange, sale, leasing and/or loans.

Classification by Specialized Services

A broker may be classified by his performance of a particular service. Designations may take the form of real estate appraiser, property manager, land development assistant, real estate financier and/or rental or lease expert. Consultants

are becoming increasingly important.

JOB RESPONSIBILITIES

While emphasis on particular tasks may vary with the nature of the broker's responsibilities the following tasks are essential:

1. Listing -- acquire listing sources , guide the seller in setting a realistic price for the listing, explain the cost of the sale, secure a written listing agreement.

2. Advertising -- find advertising sources, compare advertising costs plus market advantage, identify clientele with selected advertising source.

3. Qualifying the Buyer -- determine type of property desired, establish the area and the price range, qualify the buyer's ability to pay with the client's desired price and terms.

4. Showing the Property -- take prospect to property to explain and stress strong points, identify weak points, determine whether to show a comparable property.

5. Mortgage Information --present facts of appraisal and down payment, explain interest rate and type of mortgages available, explain the closing costs, give information concerning the credit check or loan application.

6. Offer -- qualify offer to listing, prepare an earnest money agreement, advise prospect to hire an attorney, secure signature on earnest money contract, submit signed contract to client.

7. Closing -- submit papers to loan company, contact title company, set date and time for closing, answer questions at time of closing.

AUTHORITY OF BROKER AND LEGAL RESPONSIBILITIES TO THE CLIENT

Authority

The broker's authority to act is an agency relationship and may be either general (giving the broker broad powers of representation and binding him to those acts in effecting the transaction) or special (limiting the broker to representation of

his principal for a specific purpose). Death of the principal before conclusion of negotiations terminates the broker's authority to act.

Powers of the broker include those expressed, implied or ratified by the seller. The broker who exceeds his authority may nullify the transaction and lose his commission. In such an instance, the broker could be liable for damages and disciplinary proceedings.

Duties of the Broker toward His Principal

As an agent, all obligations to act honestly, efficiently and in good faith are applicable. The following are specific duties:

1. If a broker has some interest in the property which he is employed to purchase, then the broker must disclose his interest to the principal.

2. If a broker sells at a higher price than that called for by the principal, then he must remit the full purchase price.

3. Once a transaction is approved by the principal, the broker must account to the principal for any payments received and may not return any funds to the buyer without the written consent of the principal.

4. A broker must keep the funds of the principal separate and apart from his own and account for them accurately to the principal.

5. A broker employed to sell property must obtain the principal's consent in order to purchase the property himself either directly or indirectly. Purchase of the property by employees, partners or near relatives of the broker should be disclosed.

6. A broker must obey instructions given by the principal. If a principal instructs a broker to sell property on a cash basis, the broker cannot accept notes in payment.

Duties of the Broker toward his Salespeople

1. The broker pays overhead expenses and provides the salesperson with an office, and shares listings and names of prospective purchasers. He also advertises for prospects.

2. The broker assists in difficult transactions and gives his salespeople the benefit of his experience.

3. He reduces to a written contract the obligations of the broker and the salesperson and the compensation to be paid accordingly.

WORKING CONDITIONS AND THE ACCOMPANYING TOOLS

The office of a broker may be regional or more specifically located to facilitate his needs. When selling in a subdivision, the broker may establish a sales office on the site, often in the garage or a room of a model home. The tools of the broker are shown in Appendix 3-A

EMPLOYMENT PROSPECTS

There were 36,721 licensed brokers in Texas as of March 1977. Over half of these were employed in the Houston and Dallas regions. Refer to Appendix 3-C from the TRERC Characteristics of the Real Estate Licensee In Texas for specific summary information.

It is predicted the demand for brokers will continue to rise during the 1970's. However, more educational requirements appear necessary to handle the increased regulations affecting the real estate industry as well as meeting license requirements.

Periods of tight money and high interest rates make operations difficult for those in real estate. Yet, new developments in residential, commercial and industrial construction, an increase in population, greater personal incomes and continued growth of local communities have sustained the real estate business. Property values and commission earnings have increased steadily.

A broker's typical clients may include property owners, businesspersons, business organizations and subdividers.

HOURS AND COMPENSATION

There is no set pattern of working hours per day or week. Work on weekends and at night is often a part of the job. Real estate activity varies seasonally throughout the state. The size of the company and real estate activity in the area also have a bearing on the hours worked and salary potential. However, a 60-hour work week is probably a minimum needed to have a successful firm.

If the broker is working for himself, income may be relatively low until he becomes established. Income for the broker tends to fluctuate widely, and there are few fringe benefits, largely due to his self-employed status.

The broker usually divides the commission with the salespeople in his sponsorship. Commissions often decrease on a sliding scale on commercial and industrial purchases which are large in nature. Salespeople usually work on a straight commission basis. However, they may work on a draw account basis or, on rare occasions, on a salary basis where they earn a percentage of gross commissions on deals they negotiate. Other brokers may have sliding commission rates wherein the salespeople get a larger portion, or percentage, as the volume of sales increases. The broker also receives commissions on sales he personally makes. Working in a subdivision under contract, the broker and salespeople may be paid a salary or flat fee, per transaction.

Real estate brokers are paid according to the volume of business they are able to transact. For his share of the commissions, the broker pays for advertising (10-15% of gross income), telephone expenses, management expenses, overhead, etc.

EDUCATIONAL PREFERENCES, NECESSARY TRAINING AND PERSONALITY TRAITS

A broker in Texas must be licensed. The Texas Real Estate Commission will supply a copy of the Provisions of the Real Estate License Act for a small charge. Detailed state licensing requirements are available from either the individual state real estate commissions or from the National Association of Real Estate License Law Officials, 1515 Grant Building, Pittsburgh, Pennsylvania 15219.

The salesperson must complete additional semester hours, and have his sales license for two years in order to become eligible to make an application for a broker license. (Refer to Appendix 2-C for the broker educational requirements through 1985. The educational requirements in effect at the time of the broker's application prevail.)

The minimum educational requirements for licensing (approved real estate courses)

are offered in proprietary schools, junior colleges, senior colleges and professional institutes. The broker exam covers the broad areas of real estate fundamentals, law, contracts, ethics, finance and mathematics. A person must complete the above requirements, meet TREC criteria, and make an acceptable score on the state exam to receive a broker license.

Educational Preferences

A high school education or its equivalent is a recommended minimum for those entering real estate. Education gives more access to developing opportunities. Junior colleges offer continuing education clock-hour courses and credit courses which culminate with an associate of applied science degree in real estate. Senior colleges usually offer real estate options in the College of Business. Successful completion of junior or senior college real estate courses meets the semester hour requirements.

Courses in marketing, finance, management, accounting, economics, law and administrative procedures are strongly suggested.

A continuing professional education is possible through organizations, such as the Realtors National Marketing Institute (RNMI), which is responsible for promoting the interests of brokers, disseminating information and attempting to raise the standards of real estate practices, as evidenced by their code of ethics. Certified Residential Brokers (CRB) and Certified Commission Investment Members (CCIM) are designations under the direction of RNMI.

The Personal Elements of a Broker

The broker should enjoy meeting people. He needs to be thorough in organization and able to make sound decisions. The broker should have the ability to communicate with strangers and the capacity to inspire confidence. Like all sales personnel, the broker should be dependable, resourceful and maintain the highest standards of integrity.

A Question of Capital and Equipment:

Even if an individual possesses the prerequisities mentioned above for starting a brokerage operation, he must still have sufficient capital to establish and maintain an office and meet personal obligations until the operation becomes profitable. It is advisable that the newly established broker plan his new business as if it were going to have to survive for one year without a sale (although if that proves to be the case, he may be in the wrong business). Assuming $18,000 for office overhead, and perhaps $12,000 to maintain one's family, a starting capital of $30,000 would be required. An individual might get by with less, but in any case, $25,000 to $30,000 would seem the minimum starting capital requirement.

The capital necessary to establish a brokerage firm is derived almost exclusively from personal sources. Nevertheless, the Small Business Administration may make partial loans. Technical assistance, in the form of publications and seminars, is available from organizations such as the Realtor's National Marketing Institute (RNMI) and the Texas Association of Realtors (TAR), the state branch of the National Association of Realtors.

The physical requirements for entrance into the field are not great. An office with telephone service is required and may be located in a commercial district or residential area. Many new real estate offices are conducted from homes (where legally permitted).

APPENDIX 3-A

TOOLS OF THE BROKER

The tools of the broker include a tape measure, camera, property briefs and a sales kit. The property briefs should include maps of premises and surroundings, photographs, locational data, lot size and location, detailed descriptions of building improvements, an income statement of the property, expense statements, comments on encumbrances, price and terms, and any other pertinent printed matter.

The sales kit should include the following: county, city and neighborhood maps; zoning and improvement maps; population and tax rate schedules; sample contract forms and blank offers of purchase; amortization and depreciation tables; costs information for improvements; surveys of business and industrial areas; power supply data; a code of ethics; newspaper clippings; photographs; information on schools and churches and any other information pertinent to his properties.

APPENDIX 3-B
CHARACTERISTICS OF THE REAL ESTATE LICENSEES IN TEXAS - SUMMARY[1]

The characteristics of real estate licensees may vary considerably and tend to change quickly. The highlights of the analysis of the 1973 Texas broker and salesperson licensee data are as follows.

-- The number of real estate brokers and salesperson in Texas rose 76% and 352% respectively between 1960 and 1974.
-- The ratio of population per salesperson dropped from 795 in 1961 to approximately 235 in 1973. Among the major Texas cities this ratio varied from 4,206 to 215.
-- Approximately 20% of the brokers and 39% of the salespersons were women.
-- Sixty-two percent of the brokers and 53% of the salespersons were previously employed in sales work or business operations. Nearly 29% of the saleswomen were previously housewives.
-- Male brokers had the largest proportion in the 45 to 54-year-old age group and tended to be more evenly distributed over all age ranges than the female brokers. Only 5% of the female brokers were less than 35 years old.
-- Eighty-eight percent of the brokers were married versus 85% of the salespersons.
-- Approximately 89% of the brokers had some college training, with nearly 40% having at least one college degree. Two-thirds of the brokers studied had obtained their license since 1962 and nearly one-third since 1968.
-- Eighty-three percent of the brokers and 88% of the salespersons were in SMSA's.
-- Only 3% of the Texas brokers had previously been licensed as a broker or salesperson in another state. California accounted for most such licensees (16%) followed by Oklahoma (11%).

- -- Thirty-three percent of the brokers who first received their licenses in 1969 and still maintained them in 1972, were women.
- -- Ninety-four percent of all Texas brokers had no branch offices, of which 99.7% had less than three branch offices.
- -- Less than 1% of the brokers had 16 or more salespersons, while 87% employed less than three salespersons.
- -- Residential brokerage activity accounted for 34% of the surveyed group's time.
- -- Nearly 26% of the brokers reported a net worth of less than $10,000 at the time they were first licensed, while 84% reported a worth of less than $75,000.
- -- The average age of all salespersons when licensed was 40.5 years.
- -- Nearly 57% of the salespersons were still working with their original broker, while an additional 24% had only changed brokers once in their career.
- -- The annual net non-renewal rate among sales licensees has averaged slightly less than 6%; approximately 10% of the salespersons exchanged their sales license for a broker license each year.
- -- The average nonrenewal rate among brokers during the past five years has been 4.5%.
- -- One additional broker per county was closely associated with an increase in annual county retail sales of $581,400 or $102,145 in county building permits issued the preceding year.
- -- One additional salesperson per county was associated with an increase in annual county retail sales of $409,800 or $72,500 in county building permits issued the preceding year.

[1] *A.L. Wright, "Characteristics of the Real Estate Licensee in Texas", Texas Real Estate Research Center, Report RS-72-73-22, March 1976 pp. vii - viii.*

THE REAL ESTATE APPRAISER

DEVELOPMENT OF THE APPRAISAL PROFESSION

An appraiser evaluates property and compiles a report for the client. An accurate appraisal of real estate serves as the basis for the exchange of property and for the establishment of its value for lending purposes.

Until the 1930's, appraisers relied primarily on the summation principle for determining the value of land. This principle adds the cost of improvements to the fixed value of the land and deletes depreciation and other factors which cause loss of value. Such a method fails to consider changes in the characteristics of the surrounding property.

The depression of the 1930's awakened many people to the need for improvements in appraisal techniques. The result was the formation of the American Institute of Real Estate Appraisers (AIREA) in 1932 and the Society of Real Estate Appraisers (SREA) in 1935. The original purpose for establishing these professional organizations was to satisfy the needs of the lending institutions.

Another result of the depression was the implementation of more realistic appraisal techniques. These techniques have been refined and altered through the years in conjunction with technological advances and the demand for a planned ecological balance.[1]

General Nature of Appraisal Work

The market place properly determines the value of property for purchase, investment or mortgage and loan purposes. The appraiser's job is to interpret this market.

To accomplish this task, the appraiser begins by interviewing people familiar with

property values in a given area. He inspects the condition of the property and determines the functional design of the property layout. After gathering these facts, he considers the external influences of location, property trends and impending changes that might influence the value of the property. With these facts, external factors and other economic considerations, the appraiser is then able to prepare a report to substantiate his interpretation.

The report is prepared primarily through the use of the basic appraisal techniques of cost, market and income approach which attempt to properly interpret the property's market value in a systematic, scientific manner. The process requires an understanding of theoretical concepts of value, market forces which influence these values and methods of estimating such values. The interpretation of the property's value must be offered in an impartial and unprejudiced manner.

The services of an appraiser are essential in the proper valuation of a piece of property. Both the owners and prospective buyers are properly informed. It is important to note that the proper analysis of the available data and an accurate statement from the appraiser concerning market value does not relieve the investor, seller or owner of the responsibility of making the basic investment decision.

Specific Job Duties

The appraising profession, which includes both independent appraisers and those employed by firms, offers a number of specialized areas that are dependent on the individual's background and current activity in the desired area.

The majority of those who enter appraisal do so by gaining experience in the appraisal of residential property, such as individual residences and small apartments for the owner, mortgagor or state or federal agency. This experience often leads to further specialization in the following areas: commercial--including office buildings, stores, shopping centers, and large apartment complexes; industrial -- manufacturing plants and sites; rural -- including potential recreational properties; and urban transactions including service-oriented projects such as hospitals, schools, churches and parks.

The appraiser must also assist clients in solving a wide variety of non-valuation problems concerned with the use of land, buildings, location, matters of internal business, real property management and/or ownership, tenancy and financing. All of these areas of consulation may lead to further specialization.

The need for both independent and government appraisers to establish equitable values for eminent domain proceedings creates another area of specialization. The testimony of such appraisers is often needed in court proceedings to establish property values.

All of the aforementioned areas of specialization require some degree of research effort in sales and utility data, taxes and other relevant economic data.

Working Conditions and the Accompanying Tools

The job of the appraiser requires both office and field work. The amount of each varies with the type of appraisal and the necessary information available.

The office or working area of the appraiser may be in his home or the office of a firm. In either case, the office should have a complete reference library, a system for maintaining files and a proper supply of essential working tools. (See Appendix 4-A for list of essential tools).

Employment Prospects

To be a real estate appraiser does not require a special appraiser's license in Texas. In many states, appraising is carried on in conjunction with brokerage, property management, building management and/or leasing. Mortage loan officers usually have a background in appraisal or actively appraise for their employing mortgage company or savings and loan association. These officers are responsible for insuring that institutions make equitable loans on the basis of proper valuation of the property.

Independent appraisers contract for work on a fee basis. Texas requires a real estate broker license for this type of work. Those representing firms (mortgage companies, savings and loan associations, manufacturing companies, and

federal agencies) are employed full-time and must meet the requirements of their respective employers. In their case, a license is preferred but not required.

Finding the Job

Independent appraisers work primarily through personal contacts with property owners, banks, savings and loan institutions, insurance companies, business corporations, non-profit organizations, lawyers, federal agencies, municipalities and housing authorities. Others may be employed full-time by those institutions. Such contacts are acquired through memberships in local and national real estate boards and appraisal organizations; civic, religious, fraternal and service clubs; and the local chamber of commerce.

Some additional work may be obtained by filing applications with the proper sources, such as government agencies and lending institutions.

Hours and Compensation

The appraiser's hours are as varied as appraisers themselves. The independent appraiser has no set pattern of hours worked per day or number of working days per week. Work on weekends and at night is often a part of the job. The company-employed appraiser may find himself working hours other than those designated by the firm.

Compensation for the company-employed appraiser is a designated salary with certain customary allowances. The independent appraiser is usually paid on a fee basis. In preparing a fee schedule, the appraiser must avoid misrepresentation. The fee should not be contingent upon his findings. Many independent appraisers base their fee schedule on an eight-hour day. In some localities, it is customary to charge on a per diem basis.

Educational Requirements, Necessary Training and Personality Traits

Appraisal demands more than the minimum state broker licensing requirements.

Years of academic training and practical experience are a must. A college degree in business administration, accounting, building construction or engineering, combined with basic courses in appraisal techniques, is preferred. Such an education gives the aspiring appraiser a technical background in methodical, analytical thinking. Continuing professional education through such organizations as AIREA (RM,MAI), SREA (SRA, SRPA, SREA), ASA and ASFMRA (ARA) is essential in keeping abreast of developments in law, real estate financing, construction methods, population trends, government activities, public services and market forces. (Refer to pages 6-1 through 6-8 for more information on professional organizations.)

Some independent appraisers feel that a minimum of five years' experience as a real estate broker or salesperson (accumulation of practical experience leading to extensive knowledge of properties in a given area) is a definite advantage when coupled with specialized courses in appraisal. Further practical experience in assisting a professional fee appraiser or serving as a staff appraiser for a large institution is invaluable.

In short, the real estate appraiser is a mixture of broker, economist, geographer, sociologist, accountant and engineer. Mature judgment, tact, initiative and a high degree of common sense are important characteristics of the appraiser. Experience and an understanding of the principles involved are essential to the success of the professional appraiser.

[1] *Encyclopedic Dictionary of Real Estate Practice, The Editorial Staff of Prentice-Hall, Inc., N. Y., 1955. pp. 33-34.*

APPENDIX 4-A

The following is a list of the essential tools an appraiser needs:

Tape, steel rule, drawing board, camera

File board with clip for taking notes,

Magnetic compass, traffic counter, local map

Calculator, flashlight, colored pencils

Set of small drawing instruments, chalk

Bottles of red ink and black India ink

Telehite - an instrument for measuring heights of buildings when cubical contents are being figured,

An instrument to hold one end of the tape steady when measuring in the field,

Miniature tape recorder,

Income and expense forms, property survey forms, etc.

APPENDIX 4-B

AIREA - American Institute of Real Estate Appraisers
RM - Residential Member
MAI - Member, Appraisal Institute

SREA - Society of Real Estate Appraisers
SRA - Senior Residential Appraiser
SRPA - Senior Real Property Appraiser
SREA - Senior Real Estate Analyst

ASA - American Society of Appraisers

ASFMRA - American Society of Farm Managers and Rural Appraisers
ARA - Accredited Rural Appraiser

APPENDIX 4-C

RULES OF THE TEXAS REAL ESTATE COMMISSION [2]

Section 2(2) (E): Broker defined: Appraisals

1. A salesman may make, sign, and present real estate appraisals for his sponsoring broker, but the appraisals must be submitted in the broker's name and are the broker's responsibility. A real estate salesman may not appraise real property for others and for compensation without such activity being conducted through his sponsoring broker.

2. Although a real estate license is required before a party may engage in the appraisal of real estate, a real estate license itself is not an appraiser's license.

3. This section does not cover a situation wherein a savings and loan association, mortgage bank, commercial bank, credit union or any other financial institution, or its employees, in contemplation of making a loan, appraises a piece of property and charges and receives a fee for its services. If a financial institution or its employees appraise property for a fee and not in comtemplation of making a loan based on the appraisal, the activity would be considered within the coverage of this section and a license would be required.

4. Real estate licensure is not required for one to testify as to the value of real property, but if in preparing himself to testify, the person actually does appraise the property for another person and for compensation, licensure would be required.

5. Real estate licensure is not required for an employee of an investment firm performing appraisals in the course of the employee's employment.

6. A trade association or organization is required to be licensed as a real estate broker when it offers to appraise or actually appraises real estate for others and for compensation.

7. Real estate licensure is not required for one to estimate the cost of repairing or replacing damaged portions of real property.

8. The selling or appraising of household items or antiques is not activity requiring licensure under The Real Estate License Act.

9. A Texas real estate broker's license entitles one to appraise real estate in Texas for another person and for compensation.

[2] *Rules of The Texas Real Estate Commission as revised and in effect on September 15, 1977, Texas Real Estate Commission, Austin, Texas, 1977, pp. 18-20.*

THE REAL ESTATE PROPERTY MANAGER

In General

Property management became an organized profession in 1933, with the founding of the Institute of Real Estate Management (IREM) under the direction of the National Association of Realtors (NAR). It is a branch of real estate devoted to the functions of (1) rental and lease, (2) repairs and maintenance and (3) rent and lease collection. Property management implies that someone, other than the owner, performs the management function.

The importance of property management results from the growing complexity of problems involved in planning, operating, maintaining and marketing real property services. This growing complexity is attributable to absentee ownership, trustee arrangements, extensive governmental regulations, tax complications, property holdings of various financial institutions, technological developments and the increasing demand for sophisticated managerial techniques.

UNIQUE CHARACTERISTICS OF LAND RESULTING IN THE NEED FOR A PROPERTY MANAGER

1. Durability of real estate necessitates longer time periods of planning.
2. Real property is economically inflexible; therefore, the property manager must command as large a return as possible from his relatively fixed resources.
3. Current expenses are inflexible for the most part; therefore, a slight decline in gross income means a considerable decline in net returns.
4. Property cannot escape adverse developments affecting a given city or neighborhood.

General Nature of the Property Manager's Work

Typically, the property manager acts for the real estate owner in all matters pertaining to operation of the property or properties under his supervision. This includes the leasing of space, collection of rents, selection of tenants and maintenance and repair of buildings and grounds.

A good property manager establishes objectives and attempts to achieve them. He organizes resources, controls operations and keeps informed of the economic base of his particular area and its prospective future. He knows the forces that affect the market for his particular properties and where growth and development are likely to occur.

The property manager is responsible for informing the owner of the factors affecting the property and its operation. Any significant changes in policy should be considered with the owner.

The owner desires a reasonable return on his investment. Tenants, however, are more interested in space, condition of the property, maintenance and cost. They are also interested in special services. Community interests are important and must also be considered. The community is concerned with property management policies and their effects on property values and the environment. The manager should consider the interests of all parties affected by the management of the property.

AUTHORITY AND DUTIES

The property manager maintains a fiduciary relationship with the owner. The principal, within his authority, is liable for the actions of the manager.

Authority

Legally, the property manager is a general agent. He is vested with general powers involving the exercise of judgment and discretion. The property manager usually has the power to transact all business connected with the property. In all activities, the property manager must comply with the instructions of the owner. He cannot lawfully substitute his judgment for that of the principal.

Duties

The property manager must keep accurate records and be accountable to the owner at periodic intervals as agreed or upon request. He should avoid comingling of funds and keep separate accounts in handling the money of each owner.

Often, the fiduciary relationship is defined by a specific contract. This contract is usually governed by the general laws of agency and includes:

1. The description of the managed property.
2. Specific length of time for agreement with renewal provisions.
3. Removal and cancellation provisions.
4. Compensation for the manager.
5. Duties and powers of the manager (centralization of authority in the manager).
6. Legal competency of the parties.
7. Terms specifically stated.

Specific Job Tasks

The property manager acts as administrator for the owner and assumes all executive functions necessary to carry out the owner's objectives. This relieves the owner of the worry involved in the operation and maintenance of the property.

The property manager is responsible for planning space, marketing property services, conserving the property and its surroundings and supervising the operation of the property.

Functions of the Professional Property Manager

1. Market space, advertise and secure desirable tenants at the best obtainable rates for a maximum gross income.
2. Collect rents and pay interest and principal on the mortgage.
3. Maintain premises and attend to tenant complaints for optimum efficiency and economy.
4. Purchase supplies and equipment for repairs.
5. Reduce operation and maintenance costs to produce maximum net income.
6. Reduce financial charges.
7. Hire employees.
8. Maintain good public relations.
9. Keep proper accounts and render periodic reports.

10. Insure compliance with municipal ordinances.

11. Protect the owner against all major insurable risks--fire, casualty, extended coverage, general liability, workmen's compensation, rent and consequential losses.

12. Adapt the property to environmental and market changes at all times through advanced planning, changes in management policy and investment of additional capital in remodeling, modernization or additions. This should enable the property manager to increase gross income and/or reduce expenses. It should enable him to measure in advance any financial commitments, the greatest possible net return which the property will yield under the highest and best use over the economic life of the structures and improvements.

13. Reveal to the owner any personal interest in a lease of any part of the property.

14. Never accept any commissions from suppliers or bonuses from tenants.

CLASSIFICATION OF THE PROPERTY MANAGER

The property manager may oversee residential property such as single-family residences or duplexes. The manager may also specialize in the supervision of commercial properties, such as stores, shopping centers, office buildings and apartment or condominium complexes. He may supervise urban renewal projects.

Other alternatives include managing large farm and ranch operations or supervising the leasing and managing of various rural or farm properties. Industrial property management is another specialization.

WORKING CONDITIONS AND THE ACCOMPANYING TOOLS

The property manager may be located in a broker's office or the property management department of a large real estate firm. The manager should keep a filing system of all properties under his supervision as well as present and prospective clients.

EMPLOYMENT PROSPECTS

Management accounts may be established at any time through either personal

solicitation or advertising. Sources of management business may include:

1. Individual owners of existing properties.
2. Bank and trust companies that lack a property management department of their own or that recommend a property manager to a client who is unable to manage his own property.
3. Brokerage firms without a management department and in need of placing a management contract to negotiate the purchase of a piece of property for investment.
4. Mortgage and insurance companies handling foreclosures.
5. Investors.
6. Owners of newly constructed properties.
7. Accounting and auditing firms and lawyers who know when a property manager is needed.
8. Business concerns.
9. Endowed institutions.
10. Satisfied clients (repeat business).

Once the property manager negotiates a contract and assumes responsibility for the management of a property or properties, he should inventory the situation and establish an operating budget prior to each year.

PROMOTION

Many people become property managers because of their brokerage experience. Others may work full-time as managers in the property management department of a large real estate firm, bank, savings and loan or federal agency. Such departments exist where there is a sufficient volume of business within a concentrated area at a satisfactory compensation rate.

Once established, the property management department offers the company:

1. A stable income through both good and bad times.
2. Leads in other departments.

3. Clients who often become customers.

4. Properties to sell.

5. Prestige and a reputation for offering complete real estate services.

As a result of establishing such a department, the following positions may be created:

1. Management executive - guides the entire management department organization and is responsible for employee, tenant and public relations.

2. Administrative assistants - assigned duties such as tax and insurance planning, purchasing supplies and services, and managing personnel, tenant and public relations.

3. District managers or agents - responsible for renting, collecting and supervising repairs.

4. Superintendents - heads an operating staff servicing tenants.

5. Rent collectors.

6. Rental managers.

7. Chief engineer.

HOURS AND COMPENSATION

No set schedule of hours is maintained. Work on weekends and at night is often part of the job.

The management fee varies with monthly gross rents collected, although other arrangements may be found.

EDUCATIONAL PREFERENCES, NECESSARY TRAINING AND PERSONALITY TRAITS

It is advisable for a manager to have a college degree in management, building construction or accounting and a real estate broker license. This education, however, must be complimented with dedication, patience and self-discipline.

The successful manager is well-informed about ownership and successful operation of real property. His attitude must be flexible toward new techniques and a changing environment. The professional manager is proficient in using information at his disposal to make positive decisions.

With a clear perception of real estate management and the ability to work with people, the manager is able to delegate authority. He is able to judge other people's interests, capacities and potentials and inspires trust and confidence in those with whom he comes in contact.

The owner desires a manager who enhances the character and reputation of the building(s) through services offered and careful selection of tenants. A professional property manager is informed on conditions affecting rent and knows through experience what tenants are willing to pay for space and what they require in return for that payment. The manager has the ability to maintain successful management practices and an organization known for its ability, courtesy and efficiency in handling real property rentals.

PROFESSIONAL ORGANIZATIONS

NATIONAL ASSOCIATION OF REALTORS (NAR)

The purpose of the organization is to create unity in the real estate field, compile information, protect and promote property ownership and establish professional standards of practice. Addresses of these affiliated organizations are shown on page 6-6.

Affiliated Organizations:

Real Estate Securities and Syndication Institute (RESSI)

Women's Council of Realtors (WCR)

American Society of Real Estate Counselors (ASREC)

American Institute of Real Estate Appraisers (AIREA)

Institute of Real Estate Management (IREM)

Farm and Land Institute (FLI)

Realtors National Marketing Institute (RNMI)

Society of Industrial Realtors (SIR)

International Real Estate Federation, American Chapter (IREF)

TEXAS ASSOCIATION OF REALTORS (TAR)

The Texas Realtors' Institute (TRI) is responsible for conducting activities, which include seminars and other requirements, leading to the Graduate Realtors' Institute (GRI) designation. To obtain information concerning qualification as a GRI, contact:

Education Director
Texas Association of Realtors
P. O. Box 9907
Austin, Texas 78757

Local Boards

There are 113 local boards in Texas. The number of local boards nationwide varies within each state. The two largest boards in Texas are those of Houston and Dallas. Each board offers the designation of Realtor with acceptance of membership.

REAL ESTATE SECURITIES AND SYNDICATION INSTITUTE (RESSI)

Purpose

The purpose of the Institute is to inform members of developments in real estate literature, law, tax and accounting.

Designations

None, as such.

How to Qualify for Membership

Contact RESSI for detailed information concerning membership.

INTERNATIONAL REAL ESTATE FEDERATION, AMERICAN CHAPTER (IREF)

Purpose

The purpose of this organization is to exchange techniques and ideas among countries in order to foster a better understanding of international affairs among persons in various phases of real estate, to encourage international real estate transactions and investments, and to encourage private ownership of real property with an understanding of property rights and obligations wherever possible.

Designations

None, as such.

How to Qualify for Membership

Contact IREF for detailed information concerning membership.

WOMEN'S COUNCIL OF REALTORS (WCR)

Purpose

The purpose of the Council is to provide female Realtors an opportunity for closer contact with other women in their quest for professional self-improvement.

Designations

None, as such.

How to Qualify for Membership

Contact the WCR for detailed information concerning membership.

INSTITUTE OF REAL ESTATE MANAGEMENT (IREM)

Purpose

The purpose of the Institute is to provide the Realtor involved in management with educational tools and opportunities to enhance his management ability and to encourage skilled, professional management of real estate by emphasizing high standards of performance.

Designations

1. CPM - Certified Property Manager
2. AMO - Accredited Management Organizations

How to Qualify for Membership

One must qualify through examination, experience and demonstration of skills. Contact IREM for further details.

SOCIETY OF INDUSTRIAL REALTORS (SIR)

Purpose

The purpose of the Society is to unite those Realtors engaged in the buying, selling or leasing of land and buildings to industry; to foster knowledge, education, integrity and quality workmanship in the field of industrial real estate; to exchange information among members; to insure mutual cooperation in exchanging listings and to insure proper and sound services to owners and users of industrial real estate; to certify, identify and qualify experienced and competent industrial property brokers; and to cooperate with all government and civic organizations, public utilities and financial institutions.

Designation

SIR - Active Member, Society of Industrial Realtors

How to Qualify for Membership

One must have a creditable record in industrial real estate for at least eight years; a reputation for sincerity, integrity and ability; sponsorship by an active member of the Society; and demonstration of knowledge of the principles involved in the proper handling of industrial real estate transactions by passing a written examination. Contact SIR for more detailed information concerning membership.

FARM AND LAND INSTITUTE (FLI)

Purpose

The purpose of the Institute is to bring together, for the forwarding of their common interests, farm and land brokers interested in selling, managing and developing land; to develop and establish professional standards of practice for those engaged in the agricultural and land brokerage businesses; to establish educational activities for farm and land brokers; to represent members in the formulation of public policies affecting land and agriculture; and to publicly identify those Realtors who are farm and land brokers, subject to the standards and discipline of the Institute.

Designation

AFLB - Accredited Farm & Land Broker

How to Qualify for Membership

One must demonstrate good credit and character, and have completed educational and experience requirements established by the Institute. Contact the FLI for further details.

AMERICAN SOCIETY OF REAL ESTATE COUNSELORS (ASREC)

Purpose

The purpose of the Society is to promote growth and improve the quality of Institute

services by adopting and enforcing standards of professional practice for counseling. The Society also serves as a medium of exchange for information and experience. It certifies and identifies experienced real estate counselors and qualifies these counselors; it continues to educate its members through research, technical aids, programs and publications.

Designation

CRE - Counselor of Real Estate

How to Qualify for Membership

One must have a varied background of experience, as well as a thorough knowledge of real property; be of the highest integrity; be a proven analyst; be creative, constructive and critical in solving problems; recognize limitations, and maintain a professional relationship with clients. For futher information concerning requirements leading to designation, contact the ASREC.

REALTORS NATIONAL MARKETING INSTITUTE (RNMI)

Divisions

1. Residential Division (RD)
2. Commercial and Investment Division (CID)

Purpose

The purpose of the Institute is to function as an educational arm for Realtors and sales associates responsible for distributing information, knowledge and data essential to real estate brokerage; to establish and foster cooperation among broker and sales associates; to develop sound, prudent and ethical practices; and to promote the welfare of its membership and advance their standards.

Designations

1. CRB - Certified Residential Brokers
2. CCIM - Certified Commercial Investment Member

How to Qualify for Membership

Contact RNMI for comprehensive details leading to completion of the requirements for the desired designation.

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS (AIREA)

Purpose

The purpose of the Institute is to create a tested, qualified group of dependable appraisers who:

> Adhere to rules of professional conduct; establish educational standards for the appraisal of real property; encourage student training in educational institutions for careers in real estate appraising; promote research and publication of material considered essential to the realization of the Institute's programs of study that all professional appraisers should be acquainted; and conduct seminars, conferences, educational courses and conventions to achieve these ends.

Designations

1. RM - Residential Member
2. MAI - Member, Appraisal Institute

How to Qualify for Membership

Contact the AIREA for information concerning the completion of requirements leading to the desired designation. The previous NAR Institutes can all be contacted at the following address:

Department of Education
430 N. Michigan Avenue
Chicago, Illinois 60611

SOCIETY OF REAL ESTATE APPRAISERS (SREA)

Purpose

The purpose of the Society is to evaluate the standards of the appraisal profession, to aid in the solution of real estate appraising problems and to designate certain members as having attained specific skills and knowledge.

Designations

1. SREA - Senior Real Estate Analyst - more than an appraiser; solves all types of real estate problems, including analyzing tax and equity position, counseling clients and conducting feasibility studies.

2. SRA - Senior Residential Appraiser - appraisal fundamentalist.

3. SRPA - Senior Real Property Appraiser - general practitioner who is proficient in handling all types of real property valuations.

How to Qualify for Membership

In general, an understanding of theory, study of technique and practical experience are needed.

1. SRA - requires five years of exclusive appraisal experience or seven years of approved real estate experience and successful completion of a written exam and residential appraisal report.

2. SREA - attainment of the SRA designation, plus eight years of appraisal experience mainly in income-producing property; completion of two real estate appraisal courses or the equivalent; and participation in the activities of a professional appraisal organization.

3. Associate -no experience necessary, but no reference to the Society or membership is permitted.

For further details, contact the:

Society of Real Estate Appraisers
7 South Dearborn Street
Chicago, Illinois 60603

AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS (ASFMRA)

Purpose

The purpose of the Society is to insure that all business conducted by its members will be handled efficiently, honestly and ethically.

Designations

1. AFM - Accredited Farm Manager

2. ARA - Accredited Rural Appraiser

How to Qualify for Membership

1. AFM or ARA - have an understanding of the theory involved; have made a study of technique; and have some practical experience.

2. ARA - have an extensive background of training, good judgment and knowledge of current conditions; have the ability to render effective service; and have formal qualifications.

For further details, contact the:

American Society of Farm Managers And Rural Appraisers
470 South Colorado Blvd.
Denver, Colorado 80222

AMERICAN SOCIETY OF APPRAISERS (ASA)

Purpose

The purpose of the Society is to maintain competency within the profession. This involves developing sound appraisal procedures through an interchange of ideas and information, and stimulating serious studies of problems and techniques throughout the appraisal profession.

Designation

ASA - Member, American Society of Appraisers

How to Qualify for Membership

Must be at least 30 years of age, pass written and oral exams, and receive approval on a minimum of two appraisal reports demonstrating competence in the field of appraisal activity in which one desires to be recognized. The grade of senior member further requires that the applicant be engaged in the appraisal profession on a full time basis for a minimum of six years.

Membership Grades

1. Preparatory: Associate; Member
2. Senior Member, ASA
3. Honorary: Charter; Fellow; Life; Honorary

Contact the ASA for further details concerning membership requirements at:

International Headquarters
Dulles International Airport
P. O. Box 17265
Washington D.C. 20041